GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:3978
ANSWERED ON:23.03.2001
COST OF PRODUCTION OF TEA
MINATI SEN;MONI KUMAR SUBBA

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the average cost of production of tea in different States alongwith the Labour cost;

(b) the difference between the average cost of production of tea in India and those of the neighbouring countries such as Srilanka, Bangladesh and China; and

(c) the comparative cost of imported tea from these countries and others alongwith the custom duty thereon?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI OMAR ABDULLAH)

(a) : The average cost of production of tea and labour cost in major tea producing States is given below: Cost of Production (Rs./kg)

Districts/States	Cost of Production		Cost of Labour+
	Minimum	Maximum	
Assam Valley	54.00	67.00	34.10
Cachar	49.00	59.00	29.35
Dooars	53.00	63.00	31.80
Terai	53.00	62.00	31.80
Darjeeling	130.00	170.00	31.80
Tripura	44.00	50.00	Not available
Tamil Nadu	64.20	62.63	
Kerala	71.70	64.19	
Karnataka	42.61	56.25	

+ Denotes daily wages only. Apart from this, the labourers are entitled for plucking incentives and other benefits like housing, medical facilities, subsidized food, educational benefits etc.

(b) : The cost of production of tea in India is higher than those in other tea producing countries including Sri Lanka.The cost of production of tea in North India is US $ 1.62 per kg and in South India it is US $ 1.48 per kg whereas in Sri Lanka it is US $ 1.46 per kg. While the difference between average cost of production of Sri Lankan tea and tea produced in North India is US $ 0.16 per kg., the same in the case of tea produced in South India is US $ 0.02 per kg.Figures on cost of production of tea in Bangladesh and China are not available.

(c) : The unit price (CIF) of tea imported from Sri Lanka, Bangladesh, China and other countries for the period April-November 2000 are as follows:-

Name of the Country	Unit CIF Value (Rs./kg)
Sri Lanka	84.25
Bangladesh	47.58
China	166.00
UK	91.46
Belgium	82.19
France	124.02
USA	63.10
UAE	25.25
Iran	30.62
Turkey	36.06
Singapore	179.93

Indonesia	59.44
Vietnam	51.07
Kenya	101.29
West Africa	83.90
Malawi	54.35
South Africa	49.70
New Guinea	51.41

For import of tea from any country including Sri Lanka, the basic customs duty is 70% plus additional duties.However, for import of tea from Sri Lanka under the Free Trade Agreement, the applicable custom duty is 7.5% for an allocated annual quota of 15 m.kgs.